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THE

Market Administrator's BULLETIN

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Sales of Whole Milk Increased in 1958 Despite a Decline in Milk Production

Sales of whole milk by farmers increased even more rapidly from 1952 through 1957 than production, as farmers used less milk in households, retailed less, and separated less for sale of butterfat. Sales of whole milk by farmers also increased in 1958 even though production declined. Sales last year reached 99.4 billion pounds, a new record high, compared with 98.4 billion in 1957.

The trend toward increased marketings of whole milk by farmers has been under way for a quarter century. Sales of whole milk rose from 26 billion pounds in 1924 to the 99.4 billion pounds in 1958. On the other hand, sales of farm separated cream have decreased from a peak of 36.5 billion pounds (milk equivalent) in 1933 to 11.0 billion pounds in 1958.

Several factors have contributed to this change in farmers' method of selling milk. Selling milk in whole form permits a greater cash return per hundredweight of milk produced. The market for whole milk has expanded as facilities for receiving and processing whole milk have become more generally available and improved highways and bulk transportation have made it possible to move milk greater distances. On many farms, the shift to sale of whole milk has resulted from the desire to eliminate the labor of using a cream separator. Finally, because of the reduction in the number of dairy farms, farmers as a group are using less milk in their households. All of these factors have contributed to the increase in proportion of milk production which has been sold in the form of whole milk. Simultaneously, rising production of milk has helped increase total farm marketings.

The record sales of 99.4 billion pounds of whole milk in 1958 represented 79 percent of farm production in that year. In the mid-1920's, less than 30 percent was sold in the form of whole milk. The 50 percent level was reached in 1942. Since 1933 sales of cream have trended downward, while the percentage of milk sold in whole form has risen sharply. The quantity of milk retailed by farmers and used in farm-churning of butter for sale both are practically negligible now. The former now runs around 2 percent of annual production. Data no longer are collected on the sales of farm-churned butter.

Use in farm households of both whole milk and butter, plus that fed to calves, has dropped to less than 1/10 of production, compared with more than ¼ in the mid-1920's. In other words, farmers now are selling more than 90 percent of the milk they produce, compared with less than 75 percent in the 1920's.

Because of the shift in method of selling milk, a substantial quantity of solids-not-fat which formerly was used by live-

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Support Prices Continued Unchanged for the Next Year

During the 1950's price support for dairy products has been conducted under the authority of the Agricultural Act of 1949, as amended. This Act specifies that prices for milk and butterfat shall be supported by the Secretary of Agriculture, at such level between 75 and 90 percent of parity as will assure an adequate supply. During the first few years of operation under the Act, support was at the lower end of the range, but during the Korean War was increased to the maximum authorized in the Act. Prices were equal to or silghtly above support levels in recent years except 1953 and part of 1954. As of April 1, 1954, support levels were lowered to the minimum permitted by the Act, 75 percent of parity, or $3.15 per hundredweight for manufacturing milk. During the two marketing years, April 1 of 1956 to April 1 of 1958, support was at $3.25 per hundredweight and was lowered to $3.06 per hundredweight April 1 of 1958. The support level is the same during the current marketing year which ends March 31, 1960.

CCC purchase prices for butter, cheese and non-fat dry milk also are the same for the current marketing year as for 1958-1959.

The volume of dairy products purchased under the Price Support Program in the two marketing years ending March 31, 1953 and 1954 totaled respectively 3.6 billion pounds and 11.2 billion, milk

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Dayton-Springfield

MARKET FACTS FOR EASY REFERENCE

	April 1959	March 1959	April 1958
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.00	$4.24	$3.80
Class I (3.5%)	4.478	4.540	4.417
Class 11 (3.5%)	2.887	2.886	2.837
Producer Butterfat Differential for each 1/10%	.069	.069	.069
UTILIZATION SUMMARY			
Class I Pounds	25,646,149	24,883,065	22,912,307
Class II Pounds	5,072,814	5,396,516	7,732,330
Percent of Producers Milk in Class I	83.49	82.18	74.77
Percent of Producers Milk in Class II	16.51	17.82	25.23
PRODUCTION SUMMARY			
Total Bulk Tank Milk Deliveries	21,924,117	21,116,105	17,140,670
Total Can Milk Deliveries	8,794,846	9,163,476	13,503,967
Total Pounds of Producers Milk Delivered	30,718,963	30,279,581	30,664,637
Percentage of Tank Milk to Total Deliveries	71.37	69.74	55.93
Number of Tank Producers	1,123	1,086	903
Number of Can Producers	889	946	1,287
Total Number of Producers	2,012	2,032	2,190
Percentage of Tank Producers to Total Producers	55.82	53.44	41.23
Average Daily Production per Tank Producer	651	627	633
Average Daily Production per Can Producer	330	312	350
Average Daily Production for All Producers	509	481	466
Average Butterfat Test	3.75	3.83	3.78
Total Value of Producer Milk at Test	$1,282,666	$1,353,649	$1,223,090
Income per Producer (7 day average)	$ 149	$150	$130
Supply-Demand Adjustment to Class I Price (Cents)	+.26	+.28	— 0 —
Number of Producer Changes			
New Producers	27	6	12
Producers Resumed Shipping	7	2	6
Producers Off Market	54	26	22
AVERAGE DAILY SALES (Quarts)			
Milk	304,488	289,583	278,317
Buttermilk	8,787	7,683	7,963
Chocolate	14,910	12,685	13,372
Skim	19,314	18,294	19,517
Cream	7,821	7,687	7,247

COMPARATIVE STATISTICS ★ DAYTON-SPRINGFIELD MARKETING AREA ★ APRIL, 1950 - 59

Year	Receipts From Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class			Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Average Daily Production
			Class I	Class II	Class III		Class I	Class II	Class III	Class III Butter		
1950	19,515,726	4.01	70.5	2.1	27.4	3.61	3.645	3.347	2.831	2.705	2,470	263
1951	19,860,397	3.96	75.4	1.9	22.7	4.36	4.386	4.087	3.399	3.273	2,453	270
1952	21,333,139	3.92	73.4	1.8	24.8	4.61	4.896	4.591	3.698	3.572	2,416	294
1953	24,900,532	3.93	67.6	1.6	30.8	3.86	4.219	3.922	3.243	3.108	2,518	336
1954	26,416,851	3.86	70.0	1.5	28.5	3.54	4.112	3.809	2.879	2.704	2,545	346
1955	29,446,203	3.79	69.2	1.5	29.3	3.58	4.143	3.84	3.024	2.849	2,513	391
1956	30,620,695	3.86	69.6	1.6	28.8	3.59	4.186	3.881	2.977	2.802	2,417	422
1957	31,320,301	3.82	73.7	26.3	—	3.83	4.414	3.052	—	—	2,288	456
1958	30,664,637	3.78	74.8	25.2	—	3.80	4.417	2.837	—	—	2.190	466
1959	30,718,963	3.75	83.5	16.5		4.00	4.478	2.887			2,012	509

Milk Production Per Cow Continues at Record Level

Production of milk per cow first passed the 5,000 pound level in 1947 and the 6,000 pound level in 1956. The U. S. average rate has increased more rapidly in recent years than earlier. It rose from 6,162 pounds in 1957 to 6,330 pounds in 1958. First of month data for 1959 indicate no letup in the rate of gain. As of April 1, the average production per cow in herds of crop correspondents was 4 percent higher than a year earlier.

The number of milk cows and heifers over two years of age on January 1, was 2.8 percent lower than a year earlier. This was a smaller reduction than the 3.5 percent drop from June, 1957 to June, 1958. Total milk output in January, February and March was slightly below a year earlier.

Monthly production in 1958 ran lower than a year earlier from February through August. It was above, from September through December, but the 1958 total of 125.2 billion pounds was slightly less than the record 125.9 billion of 1957.

Several factors favor a slightly larger output of milk in 1959. Supplies of feed grains are at record levels, both in total and in relation to the number of livestock to be fed. Cost of dairy rations will average slightly lower this year than in 1958. Because of lower hog prices, milk prices will be considerably more favorable relative to hog prices than in 1958. Cattle prices are expected to be more stable than last year, when they tended upward. The number of farms engaged in producing milk probably will again decline during 1959, but as in other recent years, the average size of herd probably will continue to increase.

Milk production in the East North Central States increased to new record levels last year in contrast to the slight decline for the United States as a whole. Output in the North Atlantic and Western States was just slightly below the record high of the preceding year or two. On the other hand, in the West North Central and South Central States, production declined moderately from a year earlier and was substantially below the peak levels reached in the early 1940's.

Output in each region, as a percentage of the U. S. total, showed little change from the preceding year, as has been the case for several years. But in regions where the increases or decreases have been persistent, their percentages of the U. S. total now are considerably altered from earlier years. The West North Central States, for example, now produce less than 22 percent of the national output, compared with over 27 percent in the early 1930's. The East North Central group approximated a record high in 1958 of 30.1 percent, compared with between 26 and 28 percent during the 1930's. Within the last 5 years the Western States have surpassed the South Central group in terms of proportion of the U. S. total milk produced. In 1958, Western States produced 12.2 percent of the U. S. total, compared with 11.2 percent for the South Central group.

Changes in output of milk for individual States provide a greater contrast than the regional totals. Generally, the major dairy producing States have increased the most. both in absolute amounts, and percentagewise during the 1950's. States in which farmers have significant alternative livestock enterprises have shown less of an increase, and in recent years some have shown decreases in response to favorable prices for hogs and beef cattle. In Wisconsin, which accounted for 14 percent of the U. S. total milk produced in 1958, output of milk gained 2.7 billion pounds from 1952 to 1958. This was nearly 26 percent of the total increase for the country as a whole. Other important contributors to the increase in U. S. total of 10.6 billion pounds were Minnesota, 16 percent; Pennsylvania, 9 percent and New York, 8 percent.

Activities of Check Testers
April

Check testers for the Dayton-Springfield Federal Milk Market Administrator, rendering marketing service to non-member producers, report these activities.

	April 1959
Dayton —	
Market Samples of Handler's Products	54
Producer's Composite Samples	618
No. Samples Taken	3,695
Springfield —	
Market Samples of Handler's Products	41
Producer's Composite Samples	164
No. Samples Taken	1,032

THE
Market
Administration
BULLETIN

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SUPPORT PRICES CONTINUED

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equivalent fat basis. Since April 1, 1955, such surplus purchases have ranged between 3.4 billion and 6.8 billion pounds each year. Purchases of nonfat dry milk, on the other hand, totaled over 900 million pounds in the marketing year just closed, compared with less than 600 million pounds in 1955. For the marketing year ended on March 31 the milk equivalent of butter and cheese bought was 3.4 billion pounds, compared with 6.8 billion in the preceding marketing year. The quantities of each product purchased, in the 1958-59 marketing year, compared with a year earlier (1957-58 data in parenthesis) are as follows: Butter 150 million pounds (215 million pounds); American cheese 35 million pounds (250 million pounds); nonfat dry milk 941 million pounds (831 million pounds).

Prospects currently indicate only a slight increase in total milk production for the coming twelve months. With the increase in population and an approximate maintenance of the per capita consumption rate, it is likely that purchases in the 1959-60 marketing year will be smaller than a year earlier. Uncommitted stocks of dairy products held by the CCC currently are at nominal levels, in contrast to very large holdings in other recent years. Low stocks currently, together with prospects for smaller purchases, will mean less cheese for domestic outlets this year. Butter distribution may be near last year's levels and quantities of nonfat dry milk distributed will be at least as large.

Market Quotations

	April 1959
12 MIDWEST CONDENSERIES 3.5% per Cwt.	$2.952
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8250
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.840
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.788
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.862
Evaporated Milk Code Price, 3.5% per Cwt.	2.749
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	2.9967
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	2.989
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.013
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.887
Average Weekly Cheddars price per lb.	.31596
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.13519
Average price per lb. 92-score butter at Chicago	.57840
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.12615

Sales of Whole Milk Increased in 1958

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stock on farms is now sold. This has gone into several products, though the main outlet is nonfat dry milk which is one of the items purchased by the CCC under the price support program. Currently the surplus of milk solids-not-fat is relatively much larger than the surplus of milk-fat, even though consumption per person of milk solids-not-fat has risen around 20 percent over a 20 year period, while consumption of milk-fat per person has declined about 16 percent. The market surplus of milk solids-not-fat could increase considerably more if the shift toward selling milk whole continues. If the 11 billion pounds of milk separated on farms in 1958 has been sold in whole form and the milk solids-not-fat made into nonfat dry milk, production would have been around 50 percent higher.

Total farm marketings of milk in all forms in 1958 reached 113 billion pounds. Farmers received an average for all methods of sale equivalent to $4.04 per hundredweight. Producers' cash receipts for milk products declined from the record $4,634 million in 1957 to $4,555 million in 1958. Since the number of dairy farms probably declined by a greater percentage than cash receipts, the average receipts per farm probably increased. With the receipts from the sale of animals for meat added to those from dairy products, the 1958 income per farm keeping milk cows was at a new record high. Prospects for 1959 point to somewhat larger sales of milk by farmers than in 1958, with prices essentially the same as a year earlier. Sale of dairy animals for slaughter may be smaller in 1959 than last year.